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**LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

**BASIC FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/8/08

LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2008

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Louisiana Board of Wholesale Drug Distributors  
STATE OF LOUISIANA  
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STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2008

LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS

12046 Justice Avenue, Suite C  
Baton Rouge, LA 70816  
(Agency Name & Mailing Address)

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

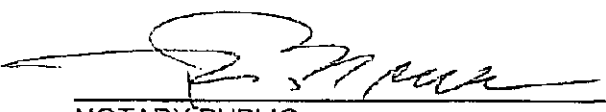
Physical Address:  
1201 N. Third Street  
Claiborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, (Name) John Liggio, Executive Director  
(Title) of the Louisiana Board of Wholesale Drug Distributors (Agency) who duly sworn, deposes and says,  
that the financial statements herewith given present fairly the financial position of  
the Louisiana Board of Wholesale Drug Distributors (agency) at June 30, 2008 and the results of operations  
for the year then ended in accordance with policies and practices established by the Division of Administration  
or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental  
Accounting Standards Board. Sworn and subscribed before me, this 12<sup>th</sup> day of August,  
2008.

  
\_\_\_\_\_  
Signature of Agency Official

  
\_\_\_\_\_  
NOTARY PUBLIC  
RICHARD BROWN 42677  
My commission is for life

Prepared by: John Liggio

Title: Executive Director

Telephone No.: (225) 295-8567

Date: 8/12/2008

# **BAXLEY AND ASSOCIATES, LLC**

P. O. Box 482  
58225 Belleview Drive  
Plaquemine, Louisiana 70764  
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, PFS/CVA/CPA  
Margaret A. Pritchard, CPA

Staci H. Joffrion, CPA

Louisiana Board of Wholesale Drug Distributors  
12046 Justice Avenue, Suite C  
Baton Rouge, LA 70816

We have reviewed the accompanying Division of Administration, Office of Statewide Reporting and Accounting Policy's Annual Fiscal Report (AFR) of the business-type activities of the Louisiana Board of Wholesale Drug Distributors, a component unit of the State of Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the Board's basic financial statements, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, Statements on Standards for Attestation Engagements issued by the American Institute of Certified Public Accountants, and Government Audit Standards. All information included in these statements reported in the AFR is the representation of the Board's management.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements. The other required supplementary information immediately following the notes to the financial statements is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated August 11, 2008, on the results of our agreed-upon procedures.

***Baxley & Associates, LLC***

Plaquemine, Louisiana  
August 11, 2008

# BAXLEY AND ASSOCIATES, LLC

P. O. Box 482  
58225 Belleview Drive  
Plaquemine, Louisiana 70764  
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, PFS/CVA/CPA  
Margaret A. Pritchard, CPA

Staci H. Joffrion, CPA

## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Management of the Louisiana Board of Wholesale Drug Distributors  
We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Any Parish Drainage District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Any Parish Drainage District's compliance with certain laws and regulations during the fiscal year ended June 30, 2008 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### *Public Bid Law*

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

We examined expenditures for the year ended June 30, 2008 and no expenditures were found that matched the above limits.

### *Code of Ethics for Public Officials and Public Employees*

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

### *Budgeting*

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and the amendments.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on December 19, 2006, which indicated that the budget had been adopted by the Board by a unanimous vote. We traced the adoption of the amended budget to the minutes of a meeting held on June 3, 2008, which indicated that the budget had been adopted by the by the Board by a unanimous vote.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5 % or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual expenditures exceeded budgeted expenditures by 12%. (FINDING 2008-1 BUDGET)

#### *Accounting and Reporting*

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct general ledger account.

(c) determine whether payments received approval from proper authorities.

Documentation supporting each of the six selected disbursements indicated proper approvals.

#### *Meetings*

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

We observed the notice and agenda posted for a meeting subsequent to year end.

#### *Debt*

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

#### *Advances and Bonuses*

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

A reading of the minutes of the district for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Our prior year report, dated August 14, 2007, did include a comment related to the budget listed below:

2007-1 BUDGET Actual revenues and expenditures for the year exceeded budgeted amounts by more than 5%. For the year ended June 30, 2008, this finding is repeated.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Louisiana Board of Wholesale Drug Distributors and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Baxley & Associates, LLC*

August 11, 2008



**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Government)**

July 24, 2008

Baxley and Associates, LLC  
PO Box 482  
Plaquemine, LA 70764

In connection with your review of our financial statements as of June 30, 2008 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of July 14, 2008.

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes ☒ No ☐

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

### **Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

### **Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

### **Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

*[Required signatures provided on following sheets.]*

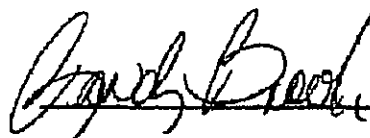
We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Bob Broadus President 7-25-08 Date

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



Secretary/Treasurer

7-25-8

Date

## **BASIC FINANCIAL STATEMENTS**

**STATE OF LOUISIANA  
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS  
BALANCE SHEET  
AS OF JUNE 30, 2008**

**ASSETS**

**CURRENT ASSETS:**

|  |    |         |
|--|----|---------|
| Cash and cash equivalents                                    | \$ | 339,207 |
| Investments  |    |         |
| Receivables (net of allowance for doubtful accounts)(Note U) |    |         |
| Due from other funds (Note Y)                                |    |         |
| Due from federal government                                  |    |         |
| Inventories  |    |         |
| Prepayments  |    |         |
| Notes receivable   |    |         |
| Other current assets   |    |         |
| Total current assets   |    | 339,207 |

**NONCURRENT ASSETS:**

|  |    |         |
|--|----|---------|
| Restricted assets (Note F):                  |    |         |
| Cash   |    |         |
| Investments                                  |    |         |
| Receivables                                  |    |         |
| Investments                                  |    |         |
| Notes receivable                             |    |         |
| Capital assets (net of depreciation)(Note D) |    |         |
| Land   |    |         |
| Buildings and improvements                   |    |         |
| Machinery and equipment                      |    | 8,272   |
| Infrastructure                               |    |         |
| Construction in progress                     |    |         |
| Other noncurrent assets                      |    |         |
| Total noncurrent assets                      |    | 8,272   |
| Total assets                                 | \$ | 347,479 |

**LIABILITIES**

**CURRENT LIABILITIES:**

|  |    |        |
|--|----|--------|
| Accounts payable and accruals (Note V)             | \$ |        |
| Due to other funds (Note Y)                        |    |        |
| Due to federal government                          |    |        |
| Deferred revenues                                  |    |        |
| Amounts held in custody for others                 |    |        |
| Other current liabilities                          |    |        |
| Current portion of long-term liabilities: (Note K) |    |        |
| Contracts payable                                  |    |        |
| Compensated absences payable                       |    | 21,699 |
| Capital lease obligations                          |    |        |
| Claims and litigation payable                      |    |        |
| Notes payable                                      |    |        |
| Bonds payable                                      |    |        |
| Other long-term liabilities                        |    |        |
| Total current liabilities                          |    | 21,699 |

**NONCURRENT LIABILITIES: (Note K)**

|  |  |        |
|--|--|--------|
| Contracts payable                      |  |        |
| Compensated absences payable (Note K)  |  |        |
| Capital lease obligations (Note J)     |  |        |
| Claims and litigation payable (Note K) |  |        |
| Notes payable                          |  |        |
| Bonds payable                          |  |        |
| OPEB payable                           |  | 48,200 |
| Other long-term liabilities            |  |        |
| Total noncurrent liabilities           |  | 48,200 |
| Total liabilities                      |  | 69,899 |

**NET ASSETS**

|   |    |         |
|---|----|---------|
| Invested in capital assets, net of related debt |    | 8,272   |
| Restricted for:                                 |    |         |
| Capital projects                                |    |         |
| Debt service                                    |    |         |
| Unemployment compensation                       |    |         |
| Other specific purposes                         |    |         |
| Unrestricted                                    |    | 269,308 |
| Total net assets                                |    | 277,580 |
| Total liabilities and net assets                | \$ | 347,479 |

See accompanying notes and accountants' report.

Statement A

**STATE OF LOUISIANA  
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2008**

|   |            |
|---|------------|
| <b>OPERATING REVENUES</b>   |            |
| Sales of commodities and services                                     | \$ _____   |
| Assessments   | _____      |
| Use of money and property   | _____      |
| Licenses, permits, and fees   | 373,200    |
| Other   | _____      |
| Total operating revenues  | 373,200    |
| <b>OPERATING EXPENSES</b>   |            |
| Cost of sales and services  | _____      |
| Administrative  | 416,814    |
| Depreciation  | 4,002      |
| Amortization  | _____      |
| Total operating expenses  | 420,816    |
| Operating income(loss)  | (47,616)   |
| <b>NON-OPERATING REVENUES(EXPENSES)</b>                               |            |
| State appropriations  | _____      |
| Intergovernmental revenues(expenses)                                  | _____      |
| Taxes   | _____      |
| Use of money and property   | 11,460     |
| Gain on disposal of fixed assets                                      | _____      |
| Loss on disposal of fixed assets                                      | _____      |
| Federal grants  | _____      |
| Interest expense  | _____      |
| Other revenue   | _____      |
| Other expense   | _____      |
| Total non-operating revenues(expenses)                                | 11,460     |
| Income(loss) before contributions, extraordinary items, and transfers | (36,156)   |
| Capital contributions   | _____      |
| Extraordinary item - Loss on impairment of capital assets             | _____      |
| Transfers in  | _____      |
| Transfers out   | _____      |
| Change in net assets  | (36,156)   |
| Total net assets – beginning  | 313,736    |
| Total net assets – ending   | \$ 277,580 |

See accompanying notes and accountants' report.  
Statement B

STATE OF LOUISIANA  
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

See Appendix A for instructions

|  |                   | Program Revenues  |               |                    |
|--|-------------------|-------------------|---------------|--------------------|
|  |                   | Operating         | Capital       | Net (Expense)      |
|  | Expenses          | Charges for       | Grants and    | Revenue and        |
|  |                   | Services          | Grants and    | Changes in         |
|  |                   | Contributions     | Contributions | Net Assets         |
| Entity   | \$ <u>420,816</u> | \$ <u>373,200</u> | \$ <u></u>    | \$ <u>(47,616)</u> |
| General revenues:  |                   |                   |               |                    |
| Taxes  |                   |                   |               |                    |
| State appropriations   |                   |                   |               |                    |
| Grants and contributions not restricted to specific programs |                   |                   |               |                    |
| Interest   |                   |                   |               | 11,460             |
| Miscellaneous  |                   |                   |               |                    |
| Special items  |                   |                   |               |                    |
| Extraordinary item - Loss on impairment of capital assets    |                   |                   |               |                    |
| Transfers  |                   |                   |               |                    |
| Total general revenues, special items, and transfers         |                   |                   |               | 11,460             |
| Change in net assets   |                   |                   |               | (36,156)           |
| Net assets - beginning as restated                           |                   |                   |               | 313,736            |
| Net assets - ending  |                   |                   |               | \$ <u>277,580</u>  |

See accompanying notes and accountants' report.

Statement C



**STATE OF LOUISIANA  
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008**

|   |            |         |
|---|------------|---------|
| <b>Cash flows from operating activities</b>                         |            |         |
| Cash received from customers  | \$ 373,200 |         |
| Cash payments to suppliers for goods and services                   | (85,824)   |         |
| Cash payments to employees for services                             | (279,607)  |         |
| Payments in lieu of taxes   |            |         |
| Internal activity-payments to other funds                           |            |         |
| Claims paid to outsiders  |            |         |
| Other operating revenues(expenses)                                  |            |         |
| Net cash provided(used) by operating activities                     |            | 7,769   |
| <b>Cash flows from non-capital financing activities</b>             |            |         |
| State appropriations  |            |         |
| Proceeds from sale of bonds   |            |         |
| Principal paid on bonds   |            |         |
| Interest paid on bond maturities                                    |            |         |
| Proceeds from issuance of notes payable                             |            |         |
| Principal paid on notes payable                                     |            |         |
| Interest paid on notes payable                                      |            |         |
| Operating grants received   |            |         |
| Transfers in  |            |         |
| Transfers out   |            |         |
| Other   |            |         |
| Net cash provided(used) by non-capital financing activities         |            | -       |
| <b>Cash flows from capital and related financing activities</b>     |            |         |
| Proceeds from sale of bonds   |            |         |
| Principal paid on bonds   |            |         |
| Interest paid on bond maturities                                    |            |         |
| Proceeds from issuance of notes payable                             |            |         |
| Principal paid on notes payable                                     |            |         |
| Interest paid on notes payable                                      |            |         |
| Acquisition/construction of capital assets                          | (5,956)    |         |
| Proceeds from sale of capital assets                                |            |         |
| Capital contributions   |            |         |
| Other   |            |         |
| Net cash provided(used) by capital and related financing activities |            | (5,956) |
| <b>Cash flows from investing activities</b>                         |            |         |
| Purchases of investment securities                                  |            |         |
| Proceeds from sale of investment securities                         |            |         |
| Interest and dividends earned on investment securities              | 11,460     |         |
| Net cash provided(used) by investing activities                     |            | 11,460  |
| Net increase(decrease) in cash and cash equivalents                 |            | 13,273  |
| Cash and cash equivalents at beginning of year                      |            | 325,934 |
| Cash and cash equivalents at end of year                            | \$         | 339,207 |

See accompanying notes and accountants' report.

Statement D (continued)

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

|   |        |    |                 |
|---|--------|----|-----------------|
| Operating income(loss)                                      |        | \$ | <u>(47,616)</u> |
| Adjustments to reconcile operating income(loss) to net cash |        |    |                 |
| Depreciation/amortization                                   | 4,002  |    |                 |
| Provision for uncollectible accounts                        |        |    |                 |
| Other   |        |    |                 |
| Changes in assets and liabilities:                          |        |    |                 |
| (Increase)decrease in accounts receivable, net              |        |    |                 |
| (Increase)decrease in due from other funds                  |        |    |                 |
| (Increase)decrease in prepayments                           |        |    |                 |
| (Increase)decrease in inventories                           |        |    |                 |
| (Increase)decrease in other assets                          |        |    |                 |
| Increase(decrease) in accounts payable and accruals         |        |    |                 |
| Increase(decrease) in compensated absences payable          | 3,183  |    |                 |
| Increase(decrease) in due to other funds                    |        |    |                 |
| Increase(decrease) in deferred revenues                     |        |    |                 |
| Increase(decrease) in OPEB payable                          | 48,200 |    |                 |
| Increase(decrease) in other liabilities                     |        |    |                 |
| Net cash provided(used) by operating activities             |        | \$ | <u>7,769</u>    |

**STATE OF LOUISIANA  
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Schedule of noncash investing, capital, and financing activities:**

|   |    |          |
|---|----|----------|
| Borrowing under capital lease                               | \$ |          |
| Contributions of fixed assets                               |    |          |
| Purchases of equipment on account                           |    |          |
| Asset trade-ins   |    |          |
| Other (specify)   |    |          |
|   |    |          |
|   |    |          |
|   |    |          |
| Total noncash investing, capital, and financing activities: | \$ | <u>-</u> |

See accompanying notes and accountants' report.

Statement D (concluded)

**STATE OF LOUISIANA  
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS  
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**INTRODUCTION**

The Louisiana Board of Wholesale Drug Distributors was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:3461-3482. The following is a brief description of the operations of Louisiana Board of Wholesale Drug Distributors which includes the parish/parishes in which the Board is located:

The Board is charged with the responsibility of licensing all suppliers of legend drugs that ship into or within Louisiana; inspecting all wholesalers and distributors domiciled in Louisiana; and establishing certification that out-of-state suppliers who ship into Louisiana are properly certified in their own states. Operations of the Board are funded entirely through self-generated license fees.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Board of Wholesale Drug Distributors present information only as to the transactions of the programs of the Board as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Board are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Board are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.

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4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

|                          | <u>APPROPRIATIONS</u>    |
|--------------------------|--------------------------|
| Original approved budget | \$ <u>356,253</u>        |
| Amendments:              | <u>13,620</u>            |
|                          | <u>          </u>        |
|                          | <u>          </u>        |
| Final approved budget    | \$ <u><u>369,873</u></u> |

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note C.

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

**GASB Statement 40**, which amended **GASB Statement 3**, eliminated the requirement to disclose all deposits by the three categories of risk. **GASB Statement 40** requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2008, consisted of the following:

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|  | <u>Cash</u> | <u>Nonnegotiable<br/>Certificates<br/>of Deposit</u> | <u>Other<br/>(Describe)</u> | <u>Total</u>  |
|--|-------------|--|-----------------------------|---------------|
| Balance per agency books   | \$ 145,907  | \$ 193,300   | \$                          | \$ 339,207.00 |
| Deposits in bank accounts per bank   | \$ 168,663  | \$ 193,300   | \$                          | \$ 361,963.00 |
| Bank balances of deposits exposed to custodial credit risk:  |             |  |                             |               |
| a. Deposits not insured and uncollateralized   | \$          | \$   | \$                          | \$ -          |
| b. Deposits not insured and collateralized with securities held by the pledging institution.   | \$ 68,663   | \$ 193,300   | \$                          | \$ 261,963.00 |
| c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency but not in the entity's name. | \$          | \$   | \$                          | \$ -          |

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Balance per agency books" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

| <u>Banking Institution</u> | <u>Program</u>          | <u>Amount</u> |
|----------------------------|-------------------------|---------------|
| 1. Hancock Bank            | Checking                | \$ 168,663    |
| 2. Hancock Bank            | Certificates of Deposit | 193,300       |
| 3.                         |                         |               |
| 4.                         |                         |               |
| Total                      |                         | \$ 361,963    |

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

|                        |    |     |
|------------------------|----|-----|
| Cash in State Treasury | \$ |     |
| Petty cash             | \$ | 100 |

2. INVESTMENTS

The Louisiana Board of Wholesale Drug Distributors does not maintain investment accounts.

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**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

| Year ended June 30, 2008                          |                      |                               |                                  |                 |             |             |                      |
|---|----------------------|-------------------------------|----------------------------------|-----------------|-------------|-------------|----------------------|
|   | Balance<br>6/30/2007 | Prior<br>Period<br>Adjustment | Adjusted<br>Balance<br>6/30/2007 | Additions       | Transfers*  | Retirements | Balance<br>6/30/2008 |
| <b>Capital assets not being depreciated</b>       |                      |                               |                                  |                 |             |             |                      |
| Land  | \$                   | \$                            | \$                               | \$              | \$          | \$          | \$                   |
| Non-depreciable land improvements                 |                      |                               |                                  |                 |             |             |                      |
| Capitalized collections                           |                      |                               |                                  |                 |             |             |                      |
| Construction in progress                          |                      |                               |                                  |                 |             |             |                      |
| <i>Total capital assets not being depreciated</i> | <u>—</u>             | <u>—</u>                      | <u>—</u>                         | <u>—</u>        | <u>—</u>    | <u>—</u>    | <u>—</u>             |
| <b>Other capital assets</b>                       |                      |                               |                                  |                 |             |             |                      |
| Machinery and Equipment                           | 20,958               |                               | 20,958                           | 5,956           |             | (2,623)     | 24,291               |
| Less accumulated depreciation                     | (14,640)             |                               | (14,640)                         | (4,002)         |             | 2,623       | (16,019)             |
| Total furniture, fixtures, and equipment          | <u>6,318</u>         | <u>—</u>                      | <u>6,318</u>                     | <u>1,954</u>    | <u>—</u>    | <u>—</u>    | <u>8,272</u>         |
| Buildings and improvements                        |                      |                               |                                  |                 |             |             |                      |
| Less accumulated depreciation                     |                      |                               |                                  |                 |             |             |                      |
| Total buildings and improvements                  | <u>—</u>             | <u>—</u>                      | <u>—</u>                         | <u>—</u>        | <u>—</u>    | <u>—</u>    | <u>—</u>             |
| Depreciable land improvements                     |                      |                               |                                  |                 |             |             |                      |
| Less accumulated depreciation                     |                      |                               |                                  |                 |             |             |                      |
| Total depreciable land improvements               | <u>—</u>             | <u>—</u>                      | <u>—</u>                         | <u>—</u>        | <u>—</u>    | <u>—</u>    | <u>—</u>             |
| Infrastructure                                    |                      |                               |                                  |                 |             |             |                      |
| Less accumulated depreciation                     |                      |                               |                                  |                 |             |             |                      |
| Total infrastructure                              | <u>—</u>             | <u>—</u>                      | <u>—</u>                         | <u>—</u>        | <u>—</u>    | <u>—</u>    | <u>—</u>             |
| <b>Total other capital assets</b>                 | <u>6,318</u>         | <u>—</u>                      | <u>6,318</u>                     | <u>1,954</u>    | <u>—</u>    | <u>—</u>    | <u>8,272</u>         |
| <b>Capital Asset Summary:</b>                     |                      |                               |                                  |                 |             |             |                      |
| Capital assets not being depreciated              | —                    | —                             | —                                | —               | —           | —           | —                    |
| Other capital assets, at cost                     | 20,958               | —                             | 20,958                           | 5,956           | —           | (2,623)     | 24,291               |
| Total cost of capital assets                      | 20,958               | —                             | 20,958                           | 5,956           | —           | (2,623)     | 24,291               |
| Less accumulated depreciation                     | (14,640)             | —                             | (14,640)                         | (4,002)         | —           | 2,623       | (16,019)             |
| <b>Capital assets, net</b>                        | <u>\$ 6,318</u>      | <u>\$ —</u>                   | <u>\$ 6,318</u>                  | <u>\$ 1,954</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 8,272</u>      |

\* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

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**E. INVENTORIES**

The Board has no inventory.

**F. RESTRICTED ASSETS**

The Board has no restricted assets.

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Board has the following policy on annual and sick leave:

The earning of annual and sick leave is based on the equivalent of full-time state service. It is credited at the end of each regular pay period of 80 hours of regular duty.

Accrued unused annual and sick leave shall be carried forward to the succeeding calendar years without limitation. Annual leave must be applied for by the employee and may be used only when approved by the Board. Upon retirement or resignation, unused annual leave of up to 300 hours is paid at the employee's current rate of pay. The employee is not paid for any unused sick leave. Annual leave in excess of 300 hours and sick leave are used in the retirement benefit computation as earned service.

At June 30, 2008, the employees of the Board had accumulated and vested \$21,699 of employee leave privileges, which was computed in accordance with GASB Codification Section C60, as modified by GASB Statement Number 16. It is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**2. COMPENSATORY LEAVE**

There is no compensatory leave.

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Board employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

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Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2007 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

[http://www.lasers.state.la.us/PDFs/Publications\\_and\\_Reports/Fiscal\\_Documents/Comprehensive\\_Financial\\_Reports/Comprehensive%20Financial%20Reports\\_07.pdf](http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_07.pdf)

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2008, increased to 20.4% of annual covered payroll from the 19.1% required in fiscal years ended June 30, 2007 and 2006. The Board's contributions to the System for the years ending June 30, 2008, 2007, and 2006, were \$41,631, \$31,346, and \$27,575, respectively, equal to the required contributions for each year.

**I. POSTEMPLOYMENT HEALTHCARE PLAN**

***Plan Description.*** The Board's defined benefit postemployment healthcare plan, an agent multiple employer plan, is administered by the State of Louisiana Office of Group Benefits which provides medical benefits to eligible retired employees and their beneficiaries. Retirees have a choice between the OGB PPO, Humana HMO, and United EPO. Retirees post-Medicare also can choose the Humana FFS Medicare Advantage Plan or the Humana HMO Medicare Advantage Plan. The Humana HMO MAPD is only available in certain parishes. The authority under which benefit provisions are established or may be amended is LRS 42:801-883. The Office of Group Benefits does not issue a stand-alone report; however, OGB is included in the Louisiana Comprehensive Annual Financial Report (CAFR) which may be obtained from Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap); by writing to PO Box 94095, Baton Rouge, LA 70804-9095; or by calling (225)342-0708.

***Funding Policy.*** The postretirement medical Insurance benefits are currently funded on a pay-as-you-go basis. The State currently funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide post-retirement benefits.

The Board is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 19 percent of annual covered payroll.

Employees hired before January 1, 2002, pay approximately 25 percent of the cost of coverage (except single retirees under age 65 pay approximately 25 percent of the active employee cost). Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on the following schedule:



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| <u>Service</u> | <u>Contribution<br/>Percentage</u> |
|----------------|------------------------------------|
| Under 10 years | 81%                                |
| 10-14 years    | 62%                                |
| 15-19 years    | 44%                                |
| 20+ years      | 25%                                |

For life insurance premiums, the retiree pays 50 cents for each \$1,000 of life insurance and 88 cents for each \$1,000 of spouse life insurance.

**Annual OPEB Cost.** For 2008, the Board's annual OPEB cost (expense) of \$48,200 for the post employment healthcare plan was equal to the ARC. The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 was as follows:

| <u>Fiscal<br/>Year<br/>Ended</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u> | <u>Net<br/>OPEB<br/>Obligation</u> |
|----------------------------------|-----------------------------|---|------------------------------------|
| 6/30/08                          | \$48,200                    | 0%  | \$48,200                           |

**Funded Status and Funding Progress.** The funded status of the plan as of June 30, 2008, was as follows:

|   |           |
|---|-----------|
| Actuarial accrued liability (AAL)                 | \$243,300 |
| Actuarial value of plan assets                    | 0         |
| Unfunded actuarial accrued liability (UAAL)       | 243,300   |
| Funded ratio (actuarial value of plan assets/AAL) | 0%        |
| Covered payroll (active plan members)             | \$282,790 |
| UAAL as a percentage of covered payroll           | 86%       |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

In the June 30, 2007, actuarial valuation, the projected unit credit method, which is the same method most often used in the private sector for determination of retiree medical liabilities, was shown. In the report, both the level dollar and level percentage of payroll amortization amounts using a 30 year amortization period were shown. A shorter amortization period would increase the annual expense accrual under both amortization methods. Using a level percentage of pay amortization decreases the annual expense accrual, although in the early years the amortization amount may not be sufficient to cover interest on the unfunded actuarial accrued liability.

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The unfunded actuarial accrued liability must be amortized over a period of not greater than 30 years. The amortization amount may be computed as a level dollar amount or as a level percentage of payroll.

The investment return assumption (or discount rate) is to be selected as the estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits. For funded plans, the considerations in selecting the rate would be similar to selecting the funding interest rate for a pension plan. However, for unfunded plans, the discount rate should be determined with reference to the employer's general assets. In many instances, government unrestricted general assets might be invested in very short-term fixed instruments, such as money market funds. This asset allocation could lead to a very low discount rate. If the plan is partially funded, a blended discount rate may be used. In the actuarial report, the only shown calculations were those with a 4 percent discount rate, representing an estimate of the discount rate for a typical unfunded plan. The calculations are based on the plan design features and retiree contributions that were in effect as of July 1, 2007.

**J. LEASES**

**NOTE:** Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.)

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year 2008 amounted to \$20,781. A schedule of payments for operating leases follows:

| <u>Nature of lease</u> | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2011</u> | <u>FY 2012</u> | <u>FY 2013</u> | <u>FY 2014-<br/>2018</u> | <u>FY 2019-<br/>2023</u> |
|------------------------|----------------|----------------|----------------|----------------|----------------|--------------------------|--------------------------|
| Office Space           | \$ 20,781      | \$ 20,781      | \$ 20,781      | \$ 20,781      | \$             | \$                       | \$                       |
| Equipment              |                |                |                |                |                |                          |                          |
| Land                   |                |                |                |                |                |                          |                          |
| Other                  |                |                |                |                |                |                          |                          |
|                        |                |                |                |                |                |                          |                          |
|                        |                |                |                |                |                |                          |                          |
| Total                  | \$ 20,781      | \$ 20,781      | \$ 20,781      | \$ 20,781      | \$ -           | \$ -                     | \$ -                     |

**2. CAPITAL LEASES**

The Board has no capital leases.

**3. LESSOR DIRECT FINANCING LEASES**

The board has no lessor direct financing leases.

**4. LESSOR – OPERATING LEASE**

There were no lessor operating leases.

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**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2008:  
 (Balances at June 30<sup>th</sup> should include current and non-current portion of long-term liabilities. Send OSRAP a copy of the amortization schedule for any new debt issued.)

|                                 | Balance<br>June 30,<br>2007 | Year ended June 30, 2008 |            | Balance<br>June 30,<br>2008 | Amounts<br>due within<br>one year |
|---------------------------------|-----------------------------|--------------------------|------------|-----------------------------|-----------------------------------|
|                                 |                             | Additions                | Reductions |                             |                                   |
| <b>Notes and bonds payable:</b> |                             |                          |            |                             |                                   |
| Notes payable                   | \$                          | \$                       | \$         | \$ --                       | \$                                |
| Bonds payable                   |                             |                          |            | --                          |                                   |
| Total notes and bonds           | --                          | --                       | --         | --                          | --                                |
| <b>Other liabilities:</b>       |                             |                          |            |                             |                                   |
| Contracts payable               |                             |                          |            | --                          |                                   |
| Compensated absences payable    | 18,516                      | 3,183                    |            | 21,699                      |                                   |
| Capital lease obligations       |                             |                          |            | --                          |                                   |
| Claims and litigation           |                             |                          |            | --                          |                                   |
| OPEB payable                    |                             | 48,200                   |            | 48,200                      |                                   |
| Other long-term liabilities     |                             |                          |            | --                          |                                   |
| Total other liabilities         | 18,516                      | 51,383                   | --         | 69,899                      | --                                |
| Total long-term liabilities     | \$ 18,516                   | \$ 51,383                | \$ --      | \$ 69,899                   | \$ --                             |

**L. CONTINGENT LIABILITIES**

There were no contingent liabilities.

**M. RELATED PARTY TRANSACTIONS**

There were no related party transactions.

**N. ACCOUNTING CHANGES**

There were no accounting changes.

**O. IN-KIND CONTRIBUTIONS**

There were no in-kind contributions.

**P. DEFEASED ISSUES**

There were no defeased issues.

**Q. REVENUES – PLEDGED OR SOLD (GASB 48)**

There were no revenues pledged or sold.

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**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)**

There were no government-mandated nonexchange transactions.

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

There were no violations.

**T. SHORT-TERM DEBT**

There was no short-term debt.

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

There was no disaggregation of receivable balances.

**V. DISAGGREGATION OF PAYABLE BALANCES**

There was no disaggregation of payable balances.

**W. SUBSEQUENT EVENTS**

There were no subsequent events.

**X. SEGMENT INFORMATION**

The Board has no requirement for separate segment accounting.

**Y. DUE TO/DUE FROM AND TRANSFERS**

There were no due to/due or transfers.

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

There were no liabilities payable from restricted assets.

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS**

There was no prior year restatement of net assets.

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)**

There were none.

**CC. IMPAIRMENT OF CAPITAL ASSETS**

There were none.

**DD. EMPLOYEE TERMINATION BENEFITS**

There were none.

## REQUIRED SUPPLEMENTARY INFORMATION

STATE OF LOUISIANA  
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS  
Schedule of Funding Progress for XPHP  
For the Year Ended JUNE 30, 2008

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>( a ) | Actuarial<br>Accrued<br>Liability<br>(AAL)-<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL) ( b-a ) | Funded<br>Ratio<br>( a/b ) | Covered<br>Payroll<br>( c ) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a) / c) |
|--------------------------------|--|---|-----------------------------------|----------------------------|-----------------------------|---|
| 6/30/08                        | \$0                                      | \$243,300   | \$243,300                         | 0%                         | 282,790                     | 86%   |

See accountants' report.

## OTHER SUPPLEMENTARY INFORMATION

**STATE OF LOUISIANA  
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
For the Year Ended JUNE 30, 2008  
(Fiscal Close)**

[illegible]

**Note:** The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

**See accountants' report.**

**SCHEDULE 1**



**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS**  
**COMPARISON FIGURES**

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

|                         | <u>2008</u> | <u>2007</u> | <u>Difference</u> | <u>Percentage<br/>Change</u> |
|-------------------------|-------------|-------------|-------------------|------------------------------|
| 1) Revenues             | \$ 384,660  | \$ 348,602  | \$ 36,058         | \$ .09                       |
| Expenses                | 420,816     | 328,176     | (92,640)          | (.22)                        |
| 2) Capital assets       | 8,272       | 6,318       | 1,954             | .23                          |
| Long-term debt          |             |             | -                 |                              |
| Net Assets              | 277,580     | 313,736     | (36,156)          | (.13)                        |
| Explanation for change: |             |             |                   |                              |
|                         |             |             |                   |                              |
|                         |             |             |                   |                              |
|                         |             |             |                   |                              |

**SCHEDULE 2**

See accountants' report.

**SCHEDULE 3**

**LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS  
SUMMARY OF CURRENT YEAR FINDINGS  
YEAR ENDED JUNE 30, 2008**

**2008-1 BUDGET**

**Condition:**

Actual expenditures for the year exceeded budgeted amounts by 12%. This is a repeat finding.

**Criteria:**

The actual expenditures in any of the funds should not exceed the estimated budgeted expenditures by more than 5 percent nor should the budgeted revenue exceed the actual revenues by more than 5 percent.

**Cause:**

The new reporting requirements for GASB 45 required the recording of a liability and corresponding expense to the financial statements. The client was not aware of the OPEB obligation and did not include this expenditure in their budget. After this amount was recorded, the actual expenditures exceeded the budgeted expenditures by 12%.

**Effect:**

Failure to amend budgets to recognize anticipated shortfalls or surpluses in funds prevents the governmental body from effectively curtailing or expanding projects and/or services in accordance with actual available resources.

**Recommendation:**

Continuous efforts should be made by management to monitor revenue and expenditures in relation to the budget. Amendments should be made as they become necessary.

**Corrective Action Plan:**

The Board will modify procedures to make certain that actual expenditures do not exceed budgeted expenditures. The Board will include the OPEB obligation in the amended budget for future years. These procedures will ensure that the Board makes amendments as they become necessary.

**SCHEDULE 4**

**LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS  
SUMMARY OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2008**

**2007-1 BUDGET**

**Condition:**

Actual revenues and expenditures for the year exceeded budgeted amounts by more than 5%.

**Recommendation:**

Continuous efforts should be made by management to monitor revenue and expenditures in relation to the budget. Amendments should be made as they become necessary.

**Status:**

The board has modified procedures to make certain that actual expenditures do not exceed budgeted expenditures; however, the Board was unaware of the GASB 45 requirements that required them to record a liability and expense for future OPEB obligations. The Board will adjust the budget in the following year to include this expense.